

VZCZCXYZ0000  
RR RUEHWEB

DE RUEHLO #7400 2901609  
ZNY CCCCC ZZH  
R 171609Z OCT 06  
FM AMEMBASSY LONDON  
TO RUEHC/SECSTATE WASHDC 9815  
INFO RUEATRS/DEPT OF TREASURY WASHDC  
RHMCSUU/FBI WASHINGTON DC  
RUEAWJA/DEPT OF JUSTICE WASHDC  
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L LONDON 007400

SIPDIS

NOFORN  
SIPDIS

STATE FOR EB/ESC/TFS, S/CT, EUR/ERA, EUR/PGI, AND EUR/UBI

E.O. 12958: DECL: 10/15/2016  
TAGS: [ETTC](#) [KTFN](#) [PREL](#) [PTER](#) [CO](#) [UK](#)  
SUBJECT: (C) TERRORISM FINANCE: UK TO BEGIN USING  
CLASSIFIED INFORMATION FOR DESIGNATIONS

Classified By: Economic Minister Counselor Mark Tokola for reasons 1.4(b) and (d)

¶1. (U) Chancellor Gordon Brown announced October 10 that Her Majesty's Treasury -- on the advice of law enforcement agencies -- had agreed to use "closed source evidence" (i.e. classified materials) in asset freezing cases where there are strong operational reasons to impose a freeze, but insufficient unclassified information available. He also announced that HMG would seek to amend its existing domestic legislation to give "the Treasury the power to stop funds reaching anyone in the UK suspected of planning terror or engagement with terror."

¶2. (C) According to the Head of HMT's Asset Freezing Group Patrick Guthrie, HMT is currently developing procedures on how to protect classified materials from release in the case of court challenge. But he added that HMT will not wait until these procedures are in place to begin using the new powers. In fact, he said that the asset freezes for some of those involved in the foiled August airplane plot were based on classified materials. Guthrie said that HMT was working with law enforcement and security service officials to develop additional cases for designation using these new powers.

¶3. (C) Guthrie said that HMT is seeking changes to the Terrorism (United Nations Measures) Order, the legislation which provides the legal framework for domestic asset freezes. According to Guthrie, the existing legislation has an unacceptable loophole. When a domestic designation takes place, there is an immediate asset freeze. But the law does not currently make it an offense to make funds available to people who have been designated unless they have also been convicted of a terrorism-related crime. The new law will make it a crime to make funds available to anyone who has been designated.

¶4. (C/NF) Comment: The decision to allow the use of classified information in making domestic designations is a very positive development. HMT's inability to use classified materials in support of domestic designations has made it nearly impossible for it to freeze assets without UN cover. We will encourage HMG to use this new tool aggressively. End comment.

Visit London's Classified Website:  
<http://www.state.sgov.gov/p/eur/london/index.cfm>  
Tuttle